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TOWNSHIP OF KENOCKEE

ST. CLAIR COUNTY, MICHIGAN

FINANCIAL REPORT

MARCH 31, 2004

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Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

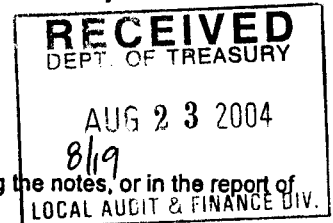
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name KENOCKEE TOWNSHIP	County ST. CLAIR
Audit Date MARCH 31, 2004	Opinion Date JULY 13, 2004	Date Accountant Report Submitted to State: JULY 13, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) JOHN J. LEHOTAN, C.P.A.			
Street Address 4385 W. MAIN STREET PO BOX 450		City BROWN CITY	State MI
Accountant Signature 		ZIP 48416	Date

**KENOCKEE TOWNSHIP
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2004**

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Members of the Township Board
Kenockee Township
St. Clair County, Michigan

INDEPENDENT AUDITOR'S REPORT

I have examined the General Purpose Financial Statements of Kenockee Township as of March 31, 2004, as listed in the Table of Contents, for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

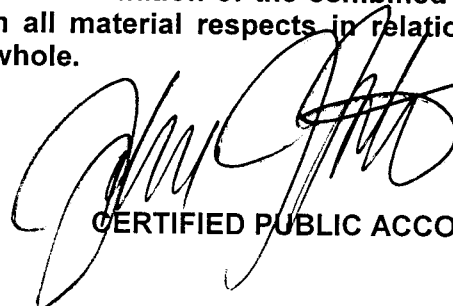
I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, Kenockee Township, prepares its financial statements on the cash basis, which is comprehensive basis of accounting other than generally accepted accounting principles.

The Township has not maintained a record of its general fixed assets, and accordingly a statement of general fixed assets, required by generally accepted accounting principles, is not included in the financial report.

In my opinion, except for the omission of the information mentioned in the preceding paragraphs, the accompanying statements present fairly the General Purpose Financial Statements of Kenockee Township at March 31, 2004, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

The accompanying financial information listed as supporting schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the General Purpose Financial Statements of Kenockee Township. The information has been subjected to the auditing procedures applied in the examination of the combined financial statements, and in my opinion, is fairly stated in all material respects in relation to the General Purpose Financial Statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANT

July 13, 2004

**COMBINED STATEMENTS -
OVERVIEW
(GENERAL PURPOSE FINANCIAL STATEMENTS)**

KENOCKEE TOWNSHIP
COMBINED BALANCE SHEET
CASH BASIS - ALL FUND TYPES & ACCOUNT GROUPS
MARCH 31, 2004

	<u>GOVERNMENTAL</u>		<u>FIDUCIARY</u>		<u>ACCOUNT</u>		<u>TOTAL</u>
	<u>FUND TYPE</u>		<u>FUND TYPE</u>	<u>AGENCY</u>	<u>GENERAL</u>	<u>LONG-TERM</u>	
<u>ASSETS</u>	<u>GENERAL</u>				<u>DEBT</u>		<u>(MEMORANDUM</u>
	<u>FUND</u>						<u>ONLY)</u>
Cash	\$ 125,558	\$ 133,109	\$ 0		0	\$ 258,667	
Cash - Certificate of Deposit	107,063	0	0		0	107,063	
Amount to be provided for Retirement of General Long-Term Debt	0	0	0		58,429	58,429	
Due from Tax Account	133,109	0	0		0	133,109	
<u>Total Assets</u>	<u>\$ 365,730</u>	<u>\$ 133,109</u>			<u>\$ 58,429</u>	<u>\$ 557,268</u>	
<u>LIABILITIES AND FUND EQUITY</u>							
<u>LIABILITIES</u>							
Installment notes payable	\$ 0	\$ 0	\$ 58,429		\$ 58,429	\$ 58,429	
Due to General Fund	0	133,109	0		0	133,109	
Performance Bonds Payable	35,000	0	0		0	35,000	
<u>Total Liabilities</u>	<u>35,000</u>	<u>133,109</u>			<u>58,429</u>	<u>226,538</u>	
<u>FUND EQUITY</u>							
Fund Balances:							
Reserved for Fire Equipment	75,063	0	0		0	75,063	
Unreserved - Undesignated	255,667	0	0		0	255,667	
<u>Total Fund Equity</u>	<u>330,730</u>	<u>0</u>			<u>0</u>	<u>330,730</u>	
<u>Total Liabilities & Fund Equity</u>	<u>\$ 365,730</u>	<u>\$ 133,109</u>			<u>\$ 58,429</u>	<u>\$ 557,268</u>	

The notes are an integral part of the statements.

KENOCKEE TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - CASH BASIS
 ACTUAL - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED MARCH 31, 2004

<u>REVENUES</u>	<u>GENERAL FUND</u>
Property taxes	\$ 147,159
State shared revenue	172,713
Investment income - interest	3,431
Licenses, permits & fees	23,796
County millage	9,232
Charges for services	35,500
Miscellaneous	9,308
<u>Total Revenues</u>	<u>401,139</u>
<u>EXPENDITURES</u>	
General government	101,645
Public safety	153,705
Highway, streets, & bridges	135,447
Parks & recreation	11,507
<u>Total Expenditures</u>	<u>402,304</u>
<u>EXCESS OF REVENUES OVER (OVER)</u>	
<u>EXPENDITURES</u>	(1,165)
<u>FUND BALANCES - APRIL 1, 2003</u>	<u>331,895</u>
<u>FUND BALANCES - MARCH 31, 2004</u>	<u>\$ 330,730</u>

The notes are an integral part of the statements.

KENOCKEE TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - CASH BASIS
ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	AMENDED		
<u>REVENUES</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Property taxes	\$ 130,434	\$ 147,159	\$ 16,725
State shared revenue	189,000	172,713	(16,287)
Investment income - interest	3,000	3,431	431
Licenses, permits & fees	24,000	23,796	(204)
County millage	8,700	9,232	532
Charges for services	35,500	35,500	0
Miscellaneous	7,033	9,308	2,275
<u>Total Revenues</u>	<u>397,667</u>	<u>401,139</u>	<u>3,472</u>
<u>EXPENDITURES</u>			
General government	116,247	101,645	14,602
Public safety	169,100	153,705	15,395
Highways, streets & bridges	192,500	135,447	57,053
Contractual services	5,000	0	5,000
Parks & recreation	15,000	11,507	3,493
<u>Total Expenditures</u>	<u>497,847</u>	<u>402,304</u>	<u>95,543</u>
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	(100,180)	(1,165)	99,015
<u>FUND BALANCES - APRIL 1, 2003</u>	<u>117,828</u>	<u>331,895</u>	<u>214,067</u>
<u>FUND BALANCES - MARCH 31, 2004</u>	<u>\$ 17,648</u>	<u>\$ 330,730</u>	<u>\$ 313,082</u>

The notes are an integral part of the statements.

**KENOCKEE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

The accounting methods and procedures adopted by the Township of Kenockee, St. Clair County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Township was incorporated under the laws of the State of Michigan operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Component units In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

Basis of presentation - fund accounting The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The Township has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The funds are grouped into fund types and generic funds as described below:

Governmental fund types These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General fund: This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Fiduciary fund types These funds account for assets held by the Township as a trustee or agent for individuals, private organization, and other units of governments. These funds are as follows:

Expendable Trust and Agency Funds: These funds, used to account for assets held in trust of as an agent for others, include the Tax (property) Collection Fund.

Account groups In addition to the broad types of governmental funds, the Township also maintains one account group as described below:

General Long-Term Debt Account Group: This account is established to account for the Township's long-term debt that will be financed from general governmental resources.

**KENOCKEE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

Basis of accounting Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The Township utilized the cash basis of accounting for all funds.

Budgetary data The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior April 1, the budget is legally enacted.
4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level.
5. Budget amounts are as originally adopted, or as amended by the Township Board. Individual amendments were not material in relation to the original appropriations, which were amended.

Cash The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Due to and due from other funds Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Other assets Other assets held are recorded and accounted for at cost.

Fund equity The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

Revenues and expenditures/expenses Generally, Revenues for governmental funds, tax revenues, fees, and nontax revenues are recognized when received. Grants from other governments are recorded when qualifying expenditures are paid. Expenditures for governmental funds are recorded when paid.

Property tax revenues Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Property taxes are recognized as revenue when they are collected.

**KENOCKEE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

Vacation, sick leave, and other compensated absences The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

Total columns The Combined Financial Statements include total columns that are described as memoranda only. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

3. CASH AND INVESTMENTS

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the Local Unit's cash deposits are as follows:

	<u>CARRYING AMOUNT</u>	<u>BANK BALANCES</u>
Insured (FDIC)	\$ 365,730	\$ 365,730
Uninsured and Uncollateralized	<u>0</u>	<u>0</u>
Total Deposits	<u>\$ 365,730</u>	<u>\$ 365,730</u>

All cash and investments of the Township are in F.D.I.C. and F.S.L.I.C. insured institutions and are held by the Township in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

<u>Investment Type</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Risk Categorized					
Operating Funds					
US Treasury Fund	<u>0</u>			<u>0</u>	<u>0</u>
Total Risk-Categorized					
Investments	<u>0</u>			<u>0</u>	<u>0</u>

**KENOCKEE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 name.	Insured or registered, or securities held by the Township or its agent in the Township's name.
Category 2 or agent	Uninsured and unregistered, with securities held by the counterparty's trust department in the Township's name.
Category 3 department	Uninsured and unregistered, with securities held by the counterparty, or by its trust or agent but not in the Township's name.

4. PROPERTY TAXES

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and may be paid by the following February 14.

Property taxes are not recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available. Property taxes are recorded as revenue when collected.

The Township levied the following taxes:

General Government Services .7602 mills

Township Fire Equipment Services 1.6071 mills

5. DUE TO/FROM OTHER FUNDS

As of March 31, 2004, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from other funds	Due to other funds
General Fund	\$ 133,109	\$ 0
Tax Collection Fund	<u>0</u>	<u>133,109</u>
Total	<u>\$ 133,109</u>	<u>\$ 133,109</u>

6. DEFICIT FUND BALANCE OR RETAINED EARNINGS BALANCES OF INDIVIDUAL FUNDS

None

7. COMPARATIVE DATA

Comparative total data for the prior year has not been presented.

**KENOCKEE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

8. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended 3/31/04, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>TOTAL APPROPRIATIONS</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
Building Inspection	\$ 21,600	\$ 21,810	\$ 210

9. POST EMPLOYMENT BENEFITS

The Township does not provide any past employment benefits.

10. PENSION PLAN

The Township provides pension benefits to all of its employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered by Public Employees Benefits Services Corporation and funding is through a group flexible fund retirement contract (participating) with the Nationwide Life Insurance Company. Employees are 100% vested upon contribution, the Township contributes 5.0 percent of employees' gross earnings and employees voluntarily contribute up to 20 percent of earnings. In accordance with these requirements, the Township contributed \$4,400 during the current year, and employees contributed \$8,640.

11. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

KENOCKEE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

12. LONG-TERM DEBT

The general long-term debt of the Township, and the changes therein, are summarized as follows:

General Long-Term Debt Account Group

<u>PRIMARY GOVERNMENT</u>	<u>Balance 4/1/03</u>	<u>Additions (Reductions)</u>	<u>Balance 3/31/04</u>
Township Fire Equipment (Primary Government 6.00 percent 1999 Installment Note payable for Township fire equipment).	<u>\$ 89,015</u>	<u>\$ (30,586)</u>	<u>\$ 58,429</u>

Installment notes payable at March 31, 2004 are comprised of the following issues:

GENERAL OBLIGATION:

\$ 200,917 Installment Note Payable – Township Fire Equipment due in quarterly installments of \$8,727.49 including interest through January, 2006; Interest at 5.50% through January, 2006. \$ 58,429

<u>YEAR</u>	<u>Annual Principal August 1,</u>	<u>Annual Interest August 1,</u>	<u>Annual Total</u>
2005	\$ 32,186	\$ 2,724	\$ 34,910
2006	26,243	1,042	27,285
Total	<u>\$ 58,429</u>	<u>\$ 3,766</u>	<u>\$ 62,195</u>

SUPPORTING SCHEDULES

KENOCKEE TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES - CASH BASIS
ACTUAL COMPARED TO BUDGET - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
PROPERTY TAXES	\$ 130,434	\$ 147,159	\$ 16,725
STATE SHARED REVENUES	189,000	172,713	(16,287)
CHARGES FOR SERVICES - FIRE	35,500	35,500	0
INTEREST EARNINGS	3,000	3,431	431
LICENSES AND PERMITS	24,000	23,796	(204)
COUNTY PARK MILLAGE	8,700	9,232	532
REFUNDS, CONTRIBUTIONS AND MISC.	7,033	9,308	2,275
<u>TOTAL REVENUES</u>	<u>\$ 397,667</u>	<u>\$ 401,139</u>	<u>\$ 3,472</u>

**KENOCKEE TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - CASH BASIS
ACTUAL COMPARED TO BUDGET - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>GENERAL FUND</u>		
	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>TOWNSHIP BOARD SALARIES</u>			
Supervisor	\$ 10,051	\$ 10,051	\$ 0
Clerk	10,051	10,051	0
Treasurer	12,676	12,676	0
Township Board	13,270	11,663	1,607
Assessor	9,182	9,182	0
<u>TOTAL TOWNSHIP BOARD SALARIES</u>	55,230	53,623	1,607
<u>OTHER EXPENDITURES</u>			
Printing & Publishing	4,250	4,203	47
Office Supplies	3,725	3,485	240
Township hall & grounds	8,500	4,730	3,770
Township dues	1,500	1,339	161
Insurance	4,400	4,385	15
Board of review	2,142	1,874	268
Assessing expenses	3,000	2,811	189
Fringe benefits - FICA	1,500	963	537
Contingency, mileage & misc. exp.	17,000	16,639	361
Legal & professional	15,000	7,593	7,407
<u>TOTAL GENERAL GOVERNMENT</u>	116,247	101,645	14,602
 Fire department	 135,000	 122,243	 12,757
Building inspection	21,600	21,810	(210)
Street lights	4,000	3,353	647
Planning commission/ZBA	8,500	6,299	2,201
Highway, streets, & bridges	185,000	128,084	56,916
Drains at large	7,500	7,363	137
Parks	15,000	11,507	3,493
Contractual services	5,000	0	5,000
<u>TOTAL EXPENDITURES</u>	497,847	402,304	95,543
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(100,180)	(1,165)	99,015
<u>FUND BALANCES - APRIL 1, 2003</u>	117,828	331,895	214,067
<u>FUND BALANCES - MARCH 31, 2004</u>	\$ 17,648	\$ 330,730	\$ 313,082

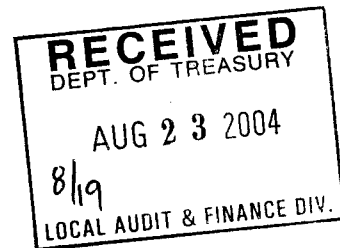
JOHN J. LEHOTAN, C.P.A.

4385 W. Main Street
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Brown City, MI 48416

Telephone (810) 346-3569
Fax (810) 346-8131

July 13, 2004

Members of the Township Board
Kenockee Township
St. Clair County, Michigan



Gentlemen:

In accordance with your request, I have made an examination of the financial statements of Kenockee Township for the fiscal year ended March 31, 2004. During the course of my examination, the following items have come to my attention.

1. The Township should consider converting their manual bookkeeping system to a computerized bookkeeping/check writing system – such as Quick books.

I thank Township officials for the cooperation I received in the completion of this examination. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "John J. Lehotan".

John J. Lehotan
Certified Public Accountant